

# Public Relations Theory II: A Book Review

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**Abstract:** Most of the attempts to measure the value of public relations have suffered by confusing the different levels of analysis from which a researcher could address the value question. Organizations must be effective at four increasingly higher levels of analysis; 1 the program level; 2 the function level; 3 the organizational level; and 4 the societal level. Effectiveness at a lower level contributes to effectiveness at a higher level, but organizations cannot be said to be truly effective unless they have value at the highest of these levels.

**Keywords:** Excellence theory, public relations theory, two-way symmetrical communications, Grunig, corporate communications, best practices.

## LITERATURE REVIEW

The *program level* refers to individual communication programs such as media relations, community relations, investor relations, marketing communication, or employee relations that are components of the overall communication function of an organization. Communication programs at this level are generally effective when they meet specific objectives, such as affecting the cognitions, attitudes, and behaviors of publics or management, or both. However these programs make the organization more effective only if they are directed at the most important publics of an organization, and their effects help to cultivate a good relationship with these strategic publics.

The *functional level* refers to evaluation of the overall public relations function of an organization, which typically includes several programs for different publics, although individual communication programs successfully accomplish their objectives, the overall communication function might not be effective unless it is integrated into the overall management processes of an organization and has chosen appropriate publics and objectives for individual programs.

The *organizational level* refers to the contribution that communication makes to the overall effectiveness of the organization. In the Excellence study, the review of the literature revealed that at a minimum, organizations must achieve their goals to be considered effective. Effective organizations are able to achieve their goals because they choose goals that are valued by their constituencies both inside and outside the organization. Effective organizations choose and

achieve appropriate goals because they develop relationships with their constituencies – ineffective organizations cannot achieve their goals because their publics do not support management efforts to achieve what the publics consider illegitimate goals. The public relations function helps organization identify these important publics and create long-term, effective communications programs with them.

The *societal level* refers to the contribution that organizations make to the overall welfare of society. Organizations have an impact beyond their immediate environment and they affect publics and other organizations that make up a society. Hence in order to be effective, organizations need to be socially responsible. Public relations add value to society by contributing to the ethical behavior and social responsibility of organizations.

There have been many methods suggested to evaluate the performance of various units in an organization [1, 2]. Organizations have used a variety of financial and non-financial indicators. However, relationships are typically referred to as intangible assets whose value cannot be measured in financial terms and although relationships themselves are non-financial indicators, they also contribute financial value. They can increase revenue by increasing sales, but their greatest effects come from reducing the risk that stakeholders will oppose organizational decision. It is very important that stakeholders such as government, employees, customers, financial institutions are in agreement with the organizations decisions.

## EXCELLENCE THEORY REVIEW

The result of all the research was a general theory of public relations. That general theory began with a premise of why public relations has value to organizations. The first phase of the research consisted

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of survey research on 327 organizations in the United States, Canada, and the United Kingdom. Questionnaires were completed by 407 senior officers, 292 CEOs, and around 4,700 employees. The researchers found that CEOs with excellent PR departments value the communication function almost twice as much as did those with less excellent departments. Most CEOs with excellent departments believed that PR should be practiced exactly as spelled out by the Excellence theory, senior officers were also of similar views.

The theoretical and empirical benchmark provided by the Excellence study makes it possible for PR units to compare themselves with the best practicing units in order to generate knowledge and action about their own practices which leads to improvements [3]. This is a comprehensive model of excellence in PR and hence this benchmark provides a model;

- for auditing and evaluating PR departments
- for explaining to management and decision-makers why PR is important to their organizations and how much value can be added by excellent PR
- For teaching PR to both beginners and established practitioners

### ORGANIZATIONAL EFFECTIVENESS

Grunig synthesized various approaches to study the relationship between organizational effectiveness and communication. The following are some of the approaches proposed

- The *goal attainment* approach states that organizations are effective when they meet their goals. However this alone is not a good approach as it does not describe the big picture because it averages performance across the organization.
- The *systems* approach recognized the importance of the environment for the organization to be effective – the interdependence of the organization with the environments. This interdependence is born out of need on both sides. The organization needs the environment to survive and function properly, likewise for the environment. However this is a vague approach as it does not define the environment and does not explain what part of the environment is more important for success.

- The *strategic constituencies* approach puts meaning to environment by identifying the elements in the environment that can seriously affect the attainment of the organizations' goals.
- The competing values approach provides a bridge between strategic constituencies and goals – that is, organizations must communicate with strategic constituents in order to attain their goals.

The crux of the matter is that organizational effectiveness is determined by how well the organization can identify its key publics. PR can then help build programs to build long-term, quality relationships with these strategic constituencies [4]. We must realize that communication alone does not create and maintain these relationships, but it plays a very important role.

### CONTRIBUTIONS OF PUBLIC RELATIONS

PR contributes to organizational effectiveness in a very significant manner. According to Grunig and Dozier (2002) [5] "PR is most likely to contribute to effectiveness when the senior PR manager is a member of the dominant coalition where he or she can shape the organization's goals and determine which external publics are most important"

The main point of this is that PR has monetary value although this value comes from many intangible assets and it is difficult to put a dollar value on it. There are several reasons why it is difficult to accurately evaluate the monetary value of relationships that PR builds and maintains;

- Relationships provide a context for behavior by consumers, investors, employees, etc. This behavior affects financial performance albeit indirectly.
- Relationships save money by preventing costly issues, crisis, regulations, lawsuits and bad publicity. However it is difficult to calculate the cost of something that did not happen.
- The return on relationship is usually delayed.
- The return on relationship is not straightforward and doesn't follow set patterns.

In other words, the value of public relations lies in the value of relationships between the organization and its publics. PR departments contribute this value at the

organizational and societal level by the practice of excellent PR.

Also, some organizations follow the use of *compensating variation* to evaluate the value of PR. This is a process that allows an organization to transform non-monetary values (such as good relationships) into monetary values. The idea is to evaluate how much would a organization be willing to pay to have something or how much would a organization pay to eliminate a problem (like a lawsuit) and use that value to calculate the non-monetary value of relationships with different entities.

### THEORETICAL PROPOSITIONS

The researchers proposed and tested the following theoretical propositions;

#### Empowerment

- The senior PR executive is involved with the strategic management process of the organization and communication programs are developed for the strategic publics identified through these programs (proven)
- The senior PR executive is a member of the dominant coalition of the organization or reports directly to managers who are a part of the dominant coalition. (2/3 of top 10% and 45% overall were part of dominant coalition)
- Diversity is embodied in all public relations roles (excellent departments had better representation of the environment)

#### Roles

- The PR unit is headed by a manager rather than a technician. (major distinction between excellent and not excellent departments – but PR managers are most effective when they possess technical skills)
- The senior PR executive must have knowledge needed for the managers role (senior executives of excellent depts. Possessed both managerial and technical skills)
- Both men and women must have equal opportunity to occupy the managerial role in an excellent department (gender did not make a significant difference)

### Excellent Organizations have following Attributes

- Participative rather than authoritative organizational culture
- A symmetrical system of internal communications
- Organic rather than mechanical structures
- Programs to equalize opportunities for men, women, and minorities
- High job satisfaction among employees
- (most proven)

### MODELS OF PR

The Excellence theory stated that excellent departments will design their communication programs on the two-way symmetrical model rather than the press Agency model. The research found that two way symmetrical communications produces better long-term relationships with publics than do other models in PR. Symmetrical programs are conducted more ethically than are other models and produce effects that balance the interest of organizations and the publics. Also, symmetrical practitioners are loyal to their employers and to their publics.

Three specific propositions were based on the symmetrical model;

1. the PR department and the dominant coalition share the worldview that the communication department should reflect the two way symmetrical model of PR
2. communication programs developed for specific publics are based on the two way symmetrical model
3. The senior PR executive must have the knowledge needed for the two way symmetrical model. Or the department will not function like an excellent department.

The research found that most CEOs do not want asymmetrical communication programs and organizations that define PR as a marketing function only depend on the asymmetrical model. However, it was found that organizations turn to the symmetrical model when activist pressure or crisis makes the asymmetrical approach too costly [6].

On similar lines, the study found that activism is good for the organization as it pushes organizations to implement the symmetrical approach to communications thereby driving them to excellence – although the researchers agreed that activism did not guarantee excellence [7-9].

In 1985 the IABC Research Foundation awarded a grant to a six-member research team headed by James E. Grunig, Ph.D., of the University of Maryland. The team began the project with an extensive literature review of theories from public relations, management, sociology, psychology, marketing, communication, anthropology, philosophy and feminist studies.

The theories were the foundation of a new theory of the characteristics that public relations departments must have to make organizations more effective and to explain how and why communication makes organizations more effective.

The theory of excellence describes 14 characteristics of excellent communication departments and three effects of their communication, programs. Details are included in a book summarizing the literature review and conceptualization of a theory of excellence in public relations and its relationship to organizational effectiveness. "Excellence in Public Relations and Communication Management-Volume I," was published by Lawrence Erlbaum Associates, Publishers, in 1992. The theory was tested using a questionnaire designed to measure the characteristics of excellent public relations, administered in a survey of more than 200 organizations (corporations, government agencies, non profit organizations and associations) in Canada, the United Kingdom and the United States. In each organization, one or more heads of communication units, the CEO or someone close to the CEO, and an average of .15 employees completed the questionnaires.

## RESULTS

Preliminary results from the first questionnaires returned were announced at IABC's international conferences in 1990 and 1991. For the Data Report, the research team analyzed data from 225 organizations from which complete or partial data have been gathered (204 heads of public relations units and 3,249 employees). Data expected 30-40 more organizations should not substantially change these results.

The initial analyses were conducted to determine the extent to which CEOs value the communication function in their organizations and to estimate the return on investment that CEOs attribute to communication activities. The analyses also confirmed the basic characteristics of excellent communication departments and determined the extent to which organizations must be excellent before their public relations units can be excellent.

### Communication's Value

The initial results confirm the theory of excellence and effectiveness developed by the research team. Results show that:

- CEOs, in general, value public relations highly. On the average, CEOs estimate that public relations brings a 184 percent return on investment.
- Heads of public relations units estimate an almost identical return of 188 percent.
- CEOs also estimate that public relations is one-and-one-half times as valuable as the average department in an organization.
- Heads of public relations units estimate that public relations contributes about twice the value of other departments.
- At the same time, heads of communication units underestimate the rate of return and the value that CEOs attribute to public relations. That is, they underestimate the extent to which CEOs value the contribution of communication to organizational effectiveness.

### Excellent Communication

The results also show that:

- CEOs who believe that public relations has the greatest value also believe that it should be practiced essentially as spelled out by the research team's theory of excellence.
- CEOs believe that public relations departments should be characterized by participation in strategic management, symmetrical communication, combined judiciously with two-way asymmetrical communication, and leadership by communication managers rather than technicians.

- The CEO also seems to have a critical role in fostering excellence in communication. The CEO, part of the "dominant coalition" of powerful senior managers, understands and supports the public relations function, providing a critical condition for excellence in public relations.
- CEOs in organizations with excellent communication units say communication with external groups is important for the organization, and they devote a large proportion of their time to external communication.

### **Excellent Vs Average Communication**

Heads of excellent public relations departments also report that their units practice public relations according to these same principles of excellence. However, excellent public relations departments often seem to be found in organizations whose CEOs do not value public relations. In addition, CEOs who value excellent communication often do not have excellent departments in the organizations they head — in large part because of a shortage of knowledgeable, strategic public relations managers and an oversupply of public relations technicians.

Many CEOs who value public relations seem to be preoccupied with media relations to a greater extent than the senior practitioners in excellent communication units. Many also seem to think that their senior communication manager should be a "communication liaison" — a senior communication counselor — rather than a high-level manager. They do not seem to believe these liaisons should be involved in strategic decisions of the organizations. Heads of excellent public relations units, however, report that they fill even this less powerful managerial role less than CEOs want them to.

The report describes the average public relations department and suggests that most departments do not have the potential for excellence. For example, average departments:

- Have more knowledge of the press agency and public information models of public relations than of more sophisticated two-way models
- Have extensive knowledge of technical communication functions and of routine management functions such as managing people, developing budgets, and setting goals.

- Have little knowledge of strategic management functions such as evaluation research, environmental scanning and segmenting publics.

### **Organizational Culture**

The results of these first analyses confirm that excellent organizations:

- Have participative cultures, organic structures, symmetrical systems of internal communication and high job satisfaction among their employees.
- Take steps to foster the careers of their female employees — making maximum use of all human resources.
- Include the senior public relations executive in the dominant coalition and value public relations highly.
- The report also presents evidence that the presence of activist groups in the environment encourages organizations to develop excellent communication departments.

These conditions in and around organizations create a nurturing environment for excellent public relations, although the results suggest that they do not ensure excellence. In excellent organizations, the senior public relations executive is part of the dominant coalition and the CEO and other members of the dominant coalition value public relations highly. This power-control theory seems to explain why some public relations units are excellent and why the CEO's demand for excellence in communication in some organizations is matched with the presence of an excellent public relations department. The results also suggest that communication managers with the most power have that power because they have knowledge of strategic, symmetrical and managerial public relations.

### **DISCUSSION**

The final section of the "Initial Data Report" combines the characteristics of excellent public relations and excellent organizations into an excellence scale that can be used to measure the excellence of the public relations unit in organizations. In the next phase, the research team will conduct qualitative interviews with people in the organizations scoring highest on the index of excellence. It also will look more in depth at how excellent and less-excellent

public relations department conduct communication programs for their three most important publics. The team will:

- examine how organizations deal with activists;
- compare the extent to which excellent public relations departments are separate from marketing;
- look at the effect of integrated vs. multiple departments on excellence.
- analyze data on the strategies organizations use to deal with activist groups;
- analyze the ways in which excellent public relations departments treat female employees and the effects that women have on excellence in communication.

## FUTURE RESEARCH

The research team already has the data already to complete these analyses. Its in-depth interviews of people in excellent departments should help to explain more thoroughly the conditions that made excellence possible. The interviews may also provide the research team with evidence that excellent public relations makes organizations more effective. This report shows that CEOs believe that public relations produces nearly twice its costs in returns or reduced costs for the organization. In the last stage of the research, the research team also will attempt to place a dollar value on this contribution. These additional analyses will be compiled into two books, one a technical and one a "popular" treatment of final research results.

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